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YEAR

2004

PUBLIC SERVICE
COMMISSION

ANNUAL REPORT

OF THE

NAME Mountain Heritage Associates

LOCATION Helena, Montana

PRIVATE WATER UTILITY

TO THE

PUBLIC SERVICE COMMISSION

OF MONTANA

FOR THE YEAR ENDING 12/31/04

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REPORT OF

Mountain Heritage Associates, Inc.

(Exact Name of Utility)

P.O. Box 4447

Helena, MT. 59604

(Address)

For Year Ended December 31, 2004 (City, State, Zip Code)

Date Utility First Organized January 1, 1990

Telephone Number 406-227-6983

Location where books and records are located Helena, MT

Contracts:			
Name	Title	Principal Business Address	Salary
Person to send correspondence:	Judy Lowry	PO Box 4447 Helena, MT 59604	XXXXXXX
Person who prepared this report:	Don Cox	AZ & Company, P.C. PO Box 1147 Helena, MT 59624	XXXXXXX
Officers & Managers:			\$
H. Randolph Poulsen	Pres/Treas	514 Ward Street #202 Seattle, WA 98109	\$ -0-
Jack Lowry	VP/Sec	PO Box 4447 Helena, MT 59604	\$ -0-
			\$
			\$

Report every corporation or person owning interest or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
H. Randolph Poulsen	47.50%	514 Ward Street #202 Seattle, WA 98109	\$ -0-
Peggy Poulsen	5.00%	821 Kentucky SE Albuquerque, NM 87108	\$ -0-
Jack Lowry	47.50%	4918 Lake Home Road Helena, MT 59601	\$ -0-

INCOME STATEMENT

Account Name	Current Year	Previous Year
GROSS REVENUE:		
Metered		
Residential		
Commercial		
Industrial		
Other		
Unmetered		
Residential	30,630	30,618
Commerical		
Industrial		
Fire Protection		
Bulk Sales		
Sale of Materials		
Other		
TOTAL GROSS REVENUE	30,630	30,618
Operation and Maintenance Expense	26,891	19,859
Depreciation Expense	4,109	5,270
Taxes Other Than Income	125	92
Income Taxes		
Deferred Federal Income Taxes		
Deferred State Income Taxes		
TOTAL OPERATING EXPENSE	31,125	25,221
NET OPERATING INCOME (LOSS)	(495)	5,397
Other Income:		
Non-Utility Income	2	4
Other Deductions:		
Non-Utility Expenses		
Interest Expense		
NET INCOME (LOSS)	(493)	5,401

COMPARATIVE BALANCE SHEET

ACCONT NAME	CURRENT YEAR	PREVIOUS YEAR
Assets:		
Utility Plant In Service	117,257	117,257
Accumulated Depreciation and Amorization	96,187	92,078
Net Utility Plant	21,070	25,179
Cash	3,842	1,021
Customer Account Receivable	(826)	(434)
Other Assets (Specify)		
Total Assets	24,086	25,766
Liabilities an Capital:		
Common Stock Issued	1,000	1,000
Preferred Stock Issued		
Other Paid In Capital	16,210	16,210
Retained Earnings	39	532
Proprietary Capital		
Total Capital	<u>17,249</u>	<u>17,742</u>
Long Term Debt		
Accounts Payable	5,041	6,228
Notes Payable		
Customer Deposits		
Accrued Taxes		
Other Liabilities (Specify)		
Shareholder loans	1,796	1,796
Advances for Construction		
Contributions In Aid Of Construction		
Total Liabilities and Capital	24,086	25,766

Accumulated Depreciation and Amortization of Utility Plant

Account 108	Current Year	Previous Year
Balance First of Year	92,078	86,808
Credits During Year		
Accruals Charged to Depreciation Account	4,109	5,270
Salvage		
Other Credits (Specify)		
Total Credits		
Debits During Year:		
Book Cost of Plant Retired		
Cost of Removal		
Other Debits (Specify)		
Balance End of Year	96,187	92,078

CONTRIBUTIONS IN AID OF CONSTRUCTION

Report below all contractor and developer agreements and line extension agreements from which cash or property was received during the year	Indicate "Cash or Property"	Amount
N/A		
Total During Year		

ACCUMULATED DEFERRED INCOME TAXES

Description	Total
Accumulated Deferred Income Taxes:	
Federal	
State N/A	
Total Accumulated Deferred Income Taxes	

CAPITAL STOCK

	Common Stock	Preferred Stock
Par or stated value per share	\$1	
Shares authorized	1,000	
Shares issued and outstanding	1,000	
Total par value of stock issued	\$1,000	
Dividends declared per share for year	-0-	

RETAINED EARNINGS

	Appropriated	Unappropriated
Balance first of year		532
Changes during year (Specify): Net Loss		(493)
Balance end of year		39

PROPRIETARY CAPITAL

	Proprietor or Partner	Partner
Balance first of year N/A		
Changes during year (specify):		
Balance end of year		

LONG TERM DEBT

Description of Obligation	Interest		Principal Per Balance Sheet Date
	Rate	Pymts	
N/A			
Total			

WATER UTILITY PLANT ACCOUNTS

Acct No.	Account Name	Previous Year	Additions	Retirements	Current Year
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures and Improvements				
305	Collecting and Impounding Reservoirs				
306	Lake River and Other Intakes				
307	Wells and Springs	15,533			15,533
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment	14,946			14,946
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains	81,265			81,265
333	Services				
334	Meters and Meter Installations				
335	Hydrants				
339	Other Plant and Miscellaneous Equipment	5,513			5,513
340	Office Furniture and Equipment				
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop & Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	Total Water Plant	117,257			117,257

ACCT. NO.	ACCOUNT	AVERAGE SERVICE LIFE IN YEARS	AVERAGE SALVAGE IN PERCENT	DEPR. RATE APPLIED	ACCUMULATED DEPRECIATION BALANCE PREVIOUS YEAR	DEBITS	CREDITS	ACCUMULATED DEPRECIATION BALANCE END OF YEAR
304	Structures & Improvements		%	%				
305	Collecting & Impounding Reservoirs		%	%				
306	Lake River & Other Intakes		%	%				
307	Wells and Springs	15	%	5	8,687		685	9,372
308	Infiltrations Galleries & Tunnels		%	%				
309	Supply Mains		%	%				
310	Power Generating Equip.		%	%				
311	Pumping Equipment	7	%	17	10,105		1,384	11,489
320	Water Treatment Equip.		%	%				
330	Distribution Reservoirs & Standpipes		%	%				
331	Trans. & Dist. Mains	25	%	5	68,616		1,746	70,362
333	Services		%	%				
334	Meter & Meter Installation		%	%				
335	Hydrants		%	%				
339	Other Plant & Misc. Equip.	50	%	5	4,670		294	4,964
340	Office Furniture and Equipment		%	%				
341	Transportation Equip.		%	%				
342	Stores Equipment		%	%				
343	Tools, Shop & Garage Equipment		%	%				
344	Laboratory Equipment		%	%				
345	Power Operated Equipment		%	%				
346	Communication Equipment		%	%				
347	Miscellaneous Equipment		%	%				
348	Other Tangible Plant		%	%				
	Totals				92,078		4,109	96,187

WATER OPERATION AND MAINTENANCE EXPENSE

ACCOUNT NAME	AMOUNT
Salaries and Wages - Employees	
Salaries and Wages - Officers, Directors and Majority Stockholders	
Employee Pensions and Benefits	
Purchased Water	
Purchased Power	15,336
Fuel For Power Production	
Chemicals	
Materials and Supplies	3,413
Contractual Services	6,350
Rents	68
Transportation Expense	
Insurance Expense	1,016
Regulatory Commission Expense	
Bad Debt Expense	
Miscellaneous Expense	708
Total	26,891

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar services rendered the respondent for which the aggregate payments during the year to any corporation, partnership, individual or organization of any kind whatever, amounting to \$500. or more. Utilities having revenue in excess of \$100,000 should report amounts of \$5,000 or more.

[illegible]

SOURCES OF WATER SUPPLY

Surface Water: River _____ Lake _____ Stream _____ Impounding Res. _____
 Ground Water: Springs No. _____ Shallow Wells No. _____ Deep Wells No. 3

SUPPLY, TRANSMISSION & DISTRIBUTION MAINS (FEET)

Size Inches	First of Year	Laid During Year	Total	Abandoned During Yr.	Taken Up During Yr.	Total	Close of Year
Total							

RESERVOIRS, STANDPIPES AND PURIFICATION SYSTEM

Number of Reservoirs 1 Capacity in Gallons _____
 Number of Standpipes _____ Capacity in Gallons _____
 Method of Purification _____

SERVICES AND METERS

Services	5/8 in.	1 in.	1 1/2 in.	2 in.	3 in.	4 in.	6 in.		
1/2 in.	_____	_____	_____	_____	_____	_____	_____	_____	_____
Meters	_____	_____	_____	_____	_____	_____	_____	_____	_____

NUMBER AND CLASSIFICATION OF CONSUMERS

-Beginning of Year-

-Close of Year-

Classification	Metered	Unmetered	Total	Metered	Unmetered	Total	Increase or Decrease
Residential		67	67		68	68	1
Commercial							
Industrial							
Fire Hydrants							
Governmental							
All Other							
Total		67	67		68	68	1

TOTAL PUMPING STATION STATISTICS

Total Amount of Water Obtained by all methods during the Year _____ gals.
 Maximum Water obtained all methods during any one day _____ gals.
 Minimum Amount of Water obtained all methods during one day _____ gals.
 Total Amount of Water passed through customers meters during year _____ gals.
 Range of ordinary pressure on mains _____ lbs. to _____ lbs.
 Range of fire pressure in mains _____ lbs. to _____ lbs.

STATE OF MONTANA.)
County of LEWIS & CLARK)

We, the undersigned, on our oath do severally say that the foregoing return the
MOUNTAIN HERITAGE ASSOCIATES, water utility, has been prepared
under our direction from the original books, papers and records of said utility and declare
the same to be a full, true and correct statement embracing all the financial transactions of
said utility during the period for which the return is made.

Loeb Y. Lowmy

Subscribed and sworn to before me this 28th day of May, ~~2005~~.



Cyndee A. Moe

Cyndee A. Moe

Notary Public for the State of MT

Residing at Helena, MT

My commission expires Jan. 4, 2009